

WILKINSON, BARKER, KNAUER & QUINN, LLP

Washington, DC
Frankfurt, Germany

2300 N Street, NW
Washington, DC 20037-1128

telephone: 202.783.4141
facsimile: 202.783.5851

January 13, 1999

Via Hand Delivery

The Honorable William E. Kennard
The Honorable Susan Ness
The Honorable Michael K. Powell
The Honorable Harold W. Furchtgott-Roth
The Honorable Gloria Tristani
Federal Communications Commission
The Portals
445 12th Street, SW
Washington, D.C. 20554

Re: MobileMedia Corporation, et al. (WT Docket No. 97-115)

Dear Mr. Chairman and Commissioners:

As you know, in the above-referenced proceeding, the Commission has before it applications for the transfer of control of MobileMedia Corporation, Debtor-in-Possession ("MobileMedia"), to Arch Communications Group, Inc. ("Arch"), and a petition to terminate and for special relief under the Commission *Second Thursday* doctrine.¹ If approved, the proposed merger of MobileMedia and Arch will allow MobileMedia to successfully complete a two-year bankruptcy process, creating a stronger competitor in the paging marketplace and bringing an end to the Commission's hearing into MobileMedia's qualifications to hold Commission licenses. In their submissions in this proceeding, Arch and MobileMedia have demonstrated, and the Wireless Telecommunications Bureau has confirmed, that the proposed transaction satisfies the requirements of the *Second Thursday* doctrine and that grant of the petition and transfer applications clearly serves the public interest.

On December 31, 1998, MobileMedia filed a letter with you seeking expedited grant of the pending applications without conditions, thereby permitting MobileMedia "to emerge successfully from bankruptcy at the earliest possible date." Arch, through undersigned counsel, hereby supports MobileMedia's request and wishes to underscore the urgent need for action by the Commission in this matter no later than February 1, 1999. The bankruptcy process is rapidly moving toward resolution, with a hearing scheduled for February 3, 1999 to consider confirmation of MobileMedia's plan of reorganization. Arch expects that this plan will be confirmed at the February 3, 1999 hearing. If Commission

¹ See *Second Thursday Corp.*, 22 FCC 2d 515 (1970).

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approval also has been granted by that time, the process of completing the proposed transaction can begin, with consummation anticipated around the end of February. However, the process created in the Arch/MobileMedia merger agreement for consummation of the proposed merger cannot begin until both bankruptcy court confirmation and FCC consent have been granted. Thus, if the Commission does not act quickly to grant the petition and the transfer applications, the proposed merger certainly will be delayed. Any such delay could undermine the transaction in several respects. Delay would require Arch to incur substantial additional financing costs and, given the unique nature of the transaction, would jeopardize the deal. Further, employee uncertainty within the MobileMedia organization, already high after nearly two years in bankruptcy, would increase, threatening the loss of key employees. Finally, the effective integration of the MobileMedia paging operations with those of Arch, which will produce efficiency-enhancing synergies,² would be delayed, and the combined company would be delayed in offering new, advanced messaging services to the public.

In its comments in this proceeding, the Wireless Telecommunications Bureau indicated its belief that the Commission should “withhold action . . . pending receipt of a report detailing further violations of the Commission’s Rules by MobileMedia”³ In its December 31, 1998 letter, MobileMedia summarized the results of the compliance review it has voluntarily undertaken. As revealed in its recent reports to the Commission, MobileMedia uncovered discrepancies involving licensee errors in fewer than one percent of its 6,000 facilities. None of these errors appears to involve the kind of rule violation that would call the licensee’s basic qualifications into question. Now that the nature of MobileMedia’s additional disclosure is known, there is no reason for the Commission to delay favorable action on the pending petition and transfer applications.

Under the circumstances presented here — where the Commission is considering terminating a hearing raising much more serious issues against MobileMedia, and where MobileMedia’s existing stockholders will have their interests extinguished in the proposed merger — additional enforcement action neither is warranted nor would be effective in deterring future licensee misconduct. Indeed, any additional penalties would fall upon the very parties that the *Second Thursday* doctrine was designed to protect — MobileMedia’s innocent creditors (who will own a majority of the Arch shares after the proposed merger) — as well as upon Arch’s existing shareholders. Therefore, as Arch argued in its reply

² These benefits were recognized by the Wireless Telecommunications Bureau in its comments in this proceeding. See WTB Comments in WT Docket No. 97-115 (filed November 16, 1998), at pp. 37-39.

³ WTB Comments at p. 1.

Chairman and Commissioners

January 13, 1999

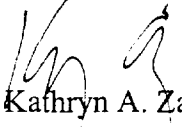
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comments in this proceeding, and as MobileMedia reiterated in its December 31 submission, any rule violations resulting from the compliance review should be considered as part of the Commission's determination under *Second Thursday*. However, even if the Commission believes that the outstanding enforcement questions require additional consideration, such consideration need not delay expeditious grant of the petition and transfer applications. The Commission can undertake in due course any enforcement action it may deem appropriate, with the post-merger company assuming liability for MobileMedia's violations. In any event, the relatively minor apparent violations recently reported by MobileMedia should not be allowed to delay the timely consummation of the proposed merger and the public interest benefits inherent in it.

In view of the foregoing, Arch respectfully requests that the Commission take favorable action of the pending petition and transfer applications no later than February 1, 1999.

Respectfully submitted,

WILKINSON, BARKER, KNAUER & QUINN, L.L.P.

By:  Kathryn A. Zachem
Kenneth D. Patrich
Jonathan V. Cohen

Counsel for Arch Communications Group, Inc.

cc: Parties listed on the attached Certificate of Service

CERTIFICATE OF SERVICE

I, Loretta B. Rias, hereby certify that copies of the foregoing Letter was served via hand delivery and/or via first class U.S. mail, postage prepaid, this 13th day of January, 1999, on the parties listed below:

Christopher Wright*
General Counsel
Federal Communications Commission
445 12th Street, S.W., Room 8-C723
Washington, DC 20024

David Solomon*
Deputy General Counsel
Federal Communications Commission
445 12th Street, S.W., Room 8-C723
Washington, DC 20024

John I. Riffer*
Office of the General Counsel
Federal Communications Commission
445 12th Street, S.W., Room 8-C723
Washington, DC 20024

Magalie Roman Salas, Secretary*
Federal Communications Commission
445 12th Street, S.W., Room TW-A325
Washington, DC 20024

The Honorable Joseph Chachkin*
Office of Administrative Law Judges
Federal Communications Commission
445 12th Street, S.W., Room 1-C768
Washington, DC 20024

Gerald Vaughn*
Acting Chief, Wireless Telecommunications
Bureau
Federal Communications Commission
2025 M Street, N.W., Room 5002
Washington, D.C. 20554

Ari Fitzgerald*
Legal Advisor
Federal Communications Commission
445 12th Street, S.W., Room 8D201
Washington, DC 20024

Karen Gulick*
Legal Advisor
Federal Communications Commission
445 12th Street, S.W., Room 8C302
Washington, DC 20024

Peter Tenhula*
Legal Advisor
Federal Communications Commission
445 12th Street, S.W., Room 8A204A
Washington, DC 20024

Kevin Martin*
Legal Advisor
Federal Communications Commission
445 12th Street, S.W., Room A8302
Washington, DC 20024

Dan Conners*
Legal Advisor
Federal Communications Commission
445 12th Street, S.W., Room 8B115
Washington, DC 20024

Kathleen O'Brien Ham*
Deputy Chief, Wireless
Telecommunications Bureau
Federal Communications Commission
2025 M Street, N.W., Room 5002
Washington, D.C. 20554

Steve E. Weingarten*
Chief, Commercial Wireless Division
Wireless Telecommunications Bureau
Federal Communications Commission
2100 M Street, N.W., Suite 700
Washington, D.C. 20554

Catherine W. Seidel*
Chief, Enforcement Division
Wireless Telecommunications Bureau
Federal Communications Commission
2025 M Street, N.W., Room 8303
Washington, D.C. 20554

Stephen Markendorff*
Deputy Chief, Commercial Wireless Bureau
Wireless Telecommunications Bureau
2100 M Street, N.W., Suite 800
Washington, D.C. 20554

Myron Peck*
Deputy Chief, Enforcement Division
Wireless Telecommunications Bureau
Federal Communications Commission
2025 M Street, N.W., Room 8308
Washington, D.C. 20554

Paul D'Ari*
Commercial Wireless Division
Wireless Telecommunications Bureau
2100 M Street, N.W., Suite 700
Washington, D.C. 20554

Gary P. Schonman*
Enforcement Division
Wireless Telecommunications Bureau
Federal Communications Commission
2025 M Street, N.W., Room 8308
Washington, D.C. 20054

Elizabeth Williams*
Commercial Wireless Division
Wireless Telecommunications Bureau
2100 M Street, N.W., Suite 700
Washington, D.C. 20554

John Schauble*
Enforcement Division
Wireless Telecommunications Bureau
Federal Communications Commission
2025 M Street, N.W., Room 8308
Washington, D.C. 20554

D'wana R. Terry*
Chief, Public Safety and Private Wireless
Division
Wireless Telecommunications Bureau
2025 M Street, N.W. Room 8002
Washington, D.C. 20554

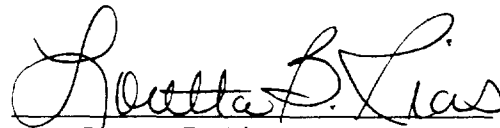
Kathryn Brown*
Chief of Staff
Federal Communications Commission
445 12th Street, S.W., Room 8D201
Washington, DC 20024

Ky E. Kirby
Swidler & Berlin Chtd.
3000 K Street, N.W., Suite 300
Washington, D.C. 20007-5116

Neil Eggleston
Evan J. Werbel
Howrey & Simon
1299 Pennsylvania Avenue, N.W.
Washington, D.C. 20004

David Spears
James M. Aquilina
Richards Spears Kibbe & Orbe
One Chase Manhattan Plaza, 57th Floor
New York, NY 10005-1413

James C. Mingee
Mingee & Associates
4084 Coker Road
Jackson, MS 39213



Loretta B. Rias

* Delivery by Hand